

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6558**

**BILL NUMBER:** SB 233

**NOTE PREPARED:** Feb 14, 2008

**BILL AMENDED:** Jan 16, 2008

**SUBJECT:** Streamlined Sales Tax Conformity.

**FIRST AUTHOR:** Sen. Kenley

**FIRST SPONSOR:** Rep. Welch

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill adds definitions of the following terms from the Streamlined Sales and Use Tax Agreement (SSUTA) to the Sales and Use Tax statutes: (1) "digital audiovisual works"; (2) "digital audio works"; (3) "digital books"; and (4) "specified digital products". The bill also amends the definition of "durable medical equipment" to conform with SSUTA.

This bill extends until January 1, 2010, the date when sales of floral products will be sourced to the location of the floral business that takes a floral order from a purchaser, to conform with SSUTA.

The bill provides that a person who transfers specified digital products to an end user with a grant of permanent use is a retail merchant making a retail transaction.

**Effective Date:** Upon passage; January 1, 2008 (retroactive); January 1, 2009.

**Explanation of State Expenditures:** The Department of State Revenue (DOR) will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the changes in this bill. It is estimated the DOR could implement these changes through the use of its existing level of staff and resources.

**Explanation of State Revenues:** There could be an impact on Sales Tax collections due to defining transfers of specified digital products to an end user with a grant of permanent use as retail transactions. This provision causes the Sales Tax to be applied to these transfers of specified digital products. The impact on Sales Tax collections will depend upon the treatment of these transfers by the DOR under current law. It is estimated that the majority of these transfers are not taxed now; therefore, there could be a positive impact on Sales Tax collections. The amount of the impact is indeterminable and will ultimately depend upon the

number of these transactions that are not currently taxed.

The provisions related to sourcing of florist transactions and the definition of durable medical equipment are not expected to have a fiscal impact. The amendment to sourcing of florist transactions only extends through CY 2009 the way that these transactions are currently treated under Indiana law. The amendment to the definition of durable medical equipment is not estimated to be an expansion in the number of items falling under the current definition of this term as it is interpreted by the DOR.

Sales Tax revenue is deposited in the Property Tax Replacement Fund (50%), the state General Fund (49.067%), the Public Mass Transportation Fund (0.76%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Fund (0.033%).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:** Tom Conley, Administrator, Tax Policy Division, DOR, 317- 232-2107

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